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FOR EAP/MTS, EEB/CBA, DRL/IL/MITTELHAUSER, AND G/TIP/STEINER
LABOR FOR ILAB RACHEL RIGBY
STATE PASS TO USTR

E.O. 12958: DECL: 01/23/2014

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SUBJECT: MALAYSIA: COMMENTS ON DRAFT LIST OF CHILD/FORCED
LABOR PRODUCTS

REF: A. STATE 1730

[1](#)B. 08 KUALA LUMPUR 460

Classified By: Political Counselor Mark D. Clark for reasons 1.4 (b and d).

[1](#)1. (C) Post appreciates the opportunity to comment on the Department of Labor's (DOL) draft Trafficking Victims Protection Reauthorization Act (TVPRA) report (ref A), containing a list of goods associated with forced or child labor. DOL's procedural guidelines for evaluating information for the TVPRA list include the criterion of whether the information indicates a "significant incidence" of child or forced labor. In the case of Malaysia's electronics industry, we are aware of only a few credible reports of forced labor in the electronics sector. We are not aware of a broader survey of Malaysia's vast electronics industry that indicates a significant incidence of forced labor. Malaysia's electronics industry employs approximately 450,000 workers, and represents roughly 60 percent of Malaysia's manufactured exports and 44 percent of total exports per 2007 data. Total cumulative U.S. direct investment in Malaysia's electronics industry stood at \$4.5 billion as of July 2008, with 17 US-based companies listed with the American Malaysian Electronics Industry, a sub-chapter of American-Malaysian Chamber of Commerce.

[1](#)2. (C) The Embassy does not have information that warrants including electronics as a product category in the DOL list. Prior to finalization of the list, the Embassy requests the opportunity to review other information that may be available to DOL. If credible information on the incidence of forced labor in the production of electronics is not available, we recommend deletion of electronics from the list, per DOL's procedural guidelines.

[1](#)3. (SBU) The Embassy's original submission included important qualifiers regarding both the quality of information available and the prevalence (or lack of information on the prevalence) of forced/child labor in producing certain goods (ref B). In particular, we noted that "Embassy sources do not have credible estimates of the extent of forced labor and exploitative child labor" in the two sectors covered by the Embassy's report. It is not clear to us whether DOL's listing will convey any such perspective relative to Malaysia or other countries, absent which the user of this list may assume the use of forced/child labor is widespread in production of these products and that our knowledge of this is authoritative. If we make no qualification regarding the quality of information and the prevalence of suspected child/forced labor, we risk damaging the credibility and potential impact of the list in the face of the strong host government and industry challenges we are certain to receive.

14. (C) Embassy recommends that DOL's list include clear qualifications as to the limited extent of credible information available on child/forced labor related to the two other Malaysian product categories (garments, palm oil).
KEITH